

**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
CONSUMER SERVICES DIVISION**

IN THE MATTER OF DETERMINING  
Whether there has been a violation of the  
Mortgage Broker Practices Act of Washington by:

PRIME POINT MORTGAGE, INC., and  
LISA M. LONG, a/k/a LISA M. FERNANDEZ,  
a/k/a LISA M. LONG-FERNANDEZ,  
President, Owner, and Designated Broker

Respondents.

NO. C-02-189-03-SC01

STATEMENT OF CHARGES and  
NOTICE OF INTENTION TO ENTER  
AN ORDER TO REVOKE LICENSE,  
COLLECT ANNUAL ASSESSMENTS,  
IMPOSE FINE, PROHIBIT FROM INDUSTRY,  
AND COLLECT INVESTIGATION FEE

**INTRODUCTION**

Pursuant to RCW 19.146.220 and RCW 19.146.223, the Director of the Department of Financial Institutions of the State of Washington ("Director") is responsible for the administration of chapter 19.146 RCW, the Mortgage Broker Practices Act ("Act"). The referenced statutes (RCW) and rules (WAC) are attached, in pertinent part. After having conducted an investigation pursuant to RCW 19.146.235, and based upon the facts available as of September 17, 2003 the Director institutes this proceeding and finds as follows:

**I. FACTUAL ALLEGATIONS**

**1.1 Respondents:**

A. **Prime Point Mortgage, Inc.** ("Respondent PPM") was licensed by the Department of Financial Institutions of the State of Washington ("Department") to conduct business as a Mortgage Broker on July 20, 1995, and has continued to be licensed to date.

B. **Lisa M. Long, a/k/a Lisa M. Fernandez, a/k/a Lisa M. Long-Fernandez** ("Respondent Long"), President and owner of Respondent PPM, was named Designated Broker on May 16, 2001, and has continued as Designated Broker to date.

**1.2 Licensed Location:** Respondent PPM is licensed to conduct the business of a Mortgage Broker at:

401 Parkplace, Ste 313 & 302  
Kirkland, WA 98033

**1.3 Change in Address:** Mail from the Department addressed to Respondent PPM's licensed location has been returned indicating a forwarding address of:

25916 SE 34<sup>th</sup> Street  
Sammamish, WA 98075

Mail from the Department addressed to Respondent PPM's forwarding address in Sammamish has been returned marked "undeliverable as addressed, unable to forward." To date, Respondents have failed to notify the Department of a change in the location of their principal place of business.

**1.4 State Corporate License:** Respondent PPM was incorporated to do business in the State of Washington on May 11, 1995. The license of the corporation, issued by the Washington State Secretary of State, expired on May 31, 2002. To date, Respondents have not notified the Department of this change in standing with the State of Washington Secretary of State.

**1.5 Continuing Education Requirement:** Certificates of satisfactory completion of approved continuing education courses were due to the Department from Respondent Long no later than the last business day of July, 2002 and 2003, respectively, for the years then ended. To date, Respondent Long has not provided the Department with such certificates of completion of the required continuing education courses.

**1.6 Annual Assessment:** An annual assessment fee is due to the Department each year, no later than the last business day of July. Respondents have not paid the following annual assessment fees: \$530.86 due by July 31, 2002; and \$530.86 due by July 31, 2003. The annual assessment fee of \$530.86 for the year ending July 31, 2004 will be due no later than July 31, 2004.

**1.7 Surety Bond:** Mid-Century Insurance Company notified the Department on March 4, 2003, in a notice dated February 28, 2003, that Respondent PPM's surety bond would be cancelled effective twenty days from the date of the notice. To date, Respondents have failed to notify the Department of the cancellation of the surety bond or to provide the required surety bond or approved alternative.

**1.8 Issuance of Directives:** On October 17, 2002, the Department issued a Directive, via Certified mail, to Respondents to, within ten days of the date of the Directive: (a) provide a certificate of satisfactory completion of an approved continuing education course for Respondent Long which had been due no later than July 31,

2002 for the year then ended; (b) pay the past due annual assessment fee of \$530.86 for the year ended July 31, 2002; (c) submit an address change amendment application form; and (d) provide a completed Mortgage Broker Closure form if Respondents had closed their business. Receipt of the Directive was acknowledged by the signature of Lisa Long, dated October 19, 2002. To date, Respondents have failed to respond to or comply with this Directive.

**1.9 Failure to Pay Third-Party Service Providers:** On February 19, 2002 the Department received a complaint from Factual Data Corporation alleging Respondent PPM had not paid \$622.08 in fees due for credit reports provided prior to June 1, 2001 at Respondent PPM's request. On July 19, 2002 the Department received a complaint from Mahon & Rutledge alleging Respondent PPM had not paid \$650.00 in fees due for two real estate appraisals performed October 30, 2001 and January 4, 2002 at Respondent PPM's request. To date, Factual Data Corporation and Mahon & Rutledge assert they have not been paid for services provided.

**1.10 On-Going Investigation:** The Department's investigation into the alleged violations of the Act by Respondents continues to date.

## II. GROUNDS FOR ENTRY OF ORDER

**2.1 Disclosure of Significant Developments:** Based on the Factual Allegations set forth in Section I above, Respondents are in apparent violation of WAC 208-660-150(1)(e), WAC 208-660-150(2), and WAC 208-660-150(3)(b) and (f) for failing to notify the Director in writing within thirty days after receipt of notification of cancellation of the licensee's surety bond, failing to notify the Director in writing ten days prior to a change of the location of the licensee's principal place of business, and failing to notify the Director in writing within five days after a change in mailing address or telephone number or standing with the state of Washington Secretary of State.

**2.2 Continuing Education Requirement:** Based on the Factual Allegations set forth in Section I above, Respondent Long is in apparent violation of RCW 19.146.215 and WAC 208-660-042 for failing to complete the annual continuing education requirement and file a certificate of satisfactory completion no later than the

1 last business day of the month in which the anniversary date of the issuance of the Designated Broker's license  
2 occurs.

3 **2.3 Requirement to Pay Fees:** Based on the Factual Allegations set forth in Section I above, Respondents  
4 are in apparent violation of RCW 19.146.228(1), WAC 208-660-060(3) and WAC 208-660-061 for failing to  
5 pay to the Director an annual assessment fee no later than the last business day of the month in which the  
6 anniversary date of the issuance of the mortgage broker's license occurs.

7 **2.4 Requirement to Maintain Surety Bond:** Based on the Factual Allegations set forth in Section I  
8 above, Respondents are in apparent violation of RCW 19.146.205(4)(a) and WAC 208-660-080(1) for failing to  
9 file and maintain a surety bond or approved alternative with the Department.

10 **2.5 Requirement to Pay Third-Party Service Providers:** Based on the Factual Allegations set forth in  
11 Section I above, Respondents are in apparent violation of RCW 19.146.0201(11) for failing to pay third-party  
12 providers no later than thirty days after the recording of the loan closing documents or ninety days after  
13 completion of the third-party service, whichever comes first, unless otherwise agreed or unless the third-party  
14 service provider has been notified in writing that a bona fide dispute exists regarding the performance or quality  
15 of the third-party service.

16 **2.6 Accounting Requirements:** Based on the Factual Allegations set forth in Section I above,  
17 Respondents are in apparent violation of RCW 19.146.060(2) and WAC 208-660-140 for failing to make  
18 accurate and current books and records readily available to the Department until at least twenty-five months  
19 have elapsed following the effective period to which the books and records relate.

20 **2.7 Authority to Revoke License:** Pursuant to RCW 19.146.220(2)(b)(ii), (iii) and (iv), and WAC 208-  
21 660-160(1), (2), (8) and (13), the Director may revoke a license if a licensee fails to pay a fee required by the  
22 Director, fails to maintain the required bond, or fails to comply with any directive or order of the Director.

23 **2.8 Authority to Impose Fine:** Pursuant to RCW 19.146.220(2)(c) and WAC 208-660-165, the Director  
24 may impose fines on a licensee that fails to maintain the required bond or fails to comply with any directive or  
25 order of the Director.

1 **2.9 Authority to Prohibit from the Industry:** Pursuant to RCW 19.146.220(2)(e)(i) and (iv), the Director  
2 may prohibit from participation in the conduct of the affairs of a licensed mortgage broker, any officer,  
3 principal, employee, or loan originator of any licensed mortgage broker or any person subject to licensing under  
4 the Act that fails to maintain the required bond or fails to comply with any directive or order of the Director.

5 **2.10 Authority to Charge Investigation Fee:** Pursuant to RCW 19.146.228(2), WAC 208-660-060(4) and  
6 WAC 208-660-061, upon completion of any investigation of the books and records of a licensee, the Department  
7 will furnish to the licensee a billing to cover the cost of the investigation. The investigation charge will be  
8 calculated at the rate of forty-seven dollars and seventy-eight cents (\$47.78) per hour that each staff person devoted  
9 to the investigation.

### 10 **III. NOTICE OF INTENT TO ENTER ORDER**

11 Respondents' violations of the provisions of chapter 19.146 RCW and chapter 208-660 WAC, as set forth  
12 in the above Factual Allegations and Grounds for Entry of Order, constitute a basis for the entry of an Order under  
13 RCW 19.146.220, RCW 19.146.221 and RCW 19.146.223. Therefore, it is the Director's intention to ORDER  
14 that:

- 15 3.1 Respondent Prime Point Mortgage, Inc.'s license to conduct the business of a Mortgage Broker be  
revoked;
- 16 3.2 Respondents jointly and severally pay the cumulative delinquent Annual Assessments due through  
17 July 31, 2003 totaling \$1061.72 (\$530.86 for the year ended July 31, 2002, and \$530.86 for the year  
ended July 31, 2003). Additionally, Respondents jointly and severally pay the \$530.86 Annual  
18 Assessment for the year ending July 31, 2004 no later than July 31, 2004;
- 19 3.3 Respondents jointly and severally pay a fine of \$6000.00 for failing to maintain the required bond and  
failing to comply with a Directive of the Director, calculated at \$100 per statutory violation per day, for  
20 30 days;
- 21 3.4 Respondent Long be prohibited from participation in the conduct of the affairs of any licensed  
mortgage broker, in any manner, for a period of five (5) years;
- 22 3.5 Respondents jointly and severally pay an investigation fee in the amount of \$907.82 calculated at  
\$47.78 per hour for nineteen (19) staff hours devoted to the investigation;
- 23 3.6 Respondents jointly and severally pay all fees due to Factual Data Corporation and Mahon & Rutledge  
for services provided at the request of Respondents; and

1 3.7 Respondents maintain records in compliance with the Act and provide the Department with the  
2 location of the books, records and other information relating to Respondent Prime Point Mortgage,  
3 Inc.'s mortgage broker business, and the name, address and telephone number of the individual  
responsible for maintenance of such records in compliance with the Act.

#### 4 IV. AUTHORITY AND PROCEDURE

5 This Statement of Charges and Notice of Intention to Enter an Order to Revoke License, Collect Annual  
6 Assessments, Impose Fine, Prohibit from Industry, and Collect Investigation Fee is entered pursuant to the  
7 provisions of RCW 19.146.220, RCW 19.146.221, RCW 19.146.223 and RCW 19.146.230, and is subject to  
8 the provisions of chapter 34.05 RCW (The Administrative Procedure Act). Respondents may make a written  
9 request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY  
10 FOR HEARING accompanying this Statement of Charges and Notice of Intention to Enter an Order to Revoke  
License, Collect Annual Assessments, Impose Fine, Prohibit from Industry, and Collect Investigation Fee.

11  
12 Dated this \_/18/\_ day of September, 2003.

13  
14 \_\_\_\_\_/S/  
CHUCK CROSS  
15 Acting Director and Enforcement Chief  
16 Division of Consumer Services  
Department of Financial Institutions

17 Presented by:

18 \_\_\_\_\_/S/  
19 Mark Olson  
Legal Extern

**RCW 19.146.0201 Loan originator, mortgage broker -- Prohibitions -- Requirements.**

It is a violation of this chapter for a loan originator, mortgage broker required to be licensed under this chapter, or mortgage broker otherwise exempted from this chapter under RCW [19.146.020](#)(1) (d) or (f) in connection with a residential mortgage loan to:

(11) Fail to pay third-party providers no later than thirty days after the recording of the loan closing documents or ninety days after completion of the third-party service, whichever comes first, unless otherwise agreed or unless the third-party service provider has been notified in writing that a bona fide dispute exists regarding the performance or quality of the third-party service; . . .

[1997 c 106 § 3; 1994 c 33 § 6; 1993 c 468 § 4.]

**RCW 19.146.060 Accounting requirements.**

(2) Except as otherwise provided in subsection (3) of this section, a mortgage broker shall maintain accurate and current books and records which shall be readily available at the mortgage broker's usual business location until at least twenty-five months have elapsed following the effective period to which the books and records relate.

(3) Where a mortgage broker's usual business location is outside of the state of Washington, the mortgage broker shall, as determined by the director by rule, either maintain its books and records at a location in this state, or reimburse the director for his or her expenses, including but not limited to transportation, food, and lodging expenses, relating to any examination or investigation resulting under this chapter.

[1997 c 106 § 6; 1994 c 33 § 20; 1987 c 391 § 8.]

**RCW 19.146.205 License -- Application -- Exchange of fingerprint data with federal bureau of investigation -- Fee - - Bond or alternative.**

(4)(a) Each applicant for a mortgage broker's license shall file and maintain a surety bond, in an amount of not greater than sixty thousand dollars nor less than twenty thousand dollars which the director deems adequate to protect the public interest, executed by the applicant as obligor and by a surety company authorized to do a surety business in this state as surety. The bonding requirement as established by the director may take the form of a uniform bond amount for all licensees or the director may establish by rule a schedule establishing a range of bond amounts which shall vary according to the annual average number of loan originators or independent contractors of a licensee. The bond shall run to the state of Washington as obligee, and shall run first to the benefit of the borrower and then to the benefit of the state and any person or persons who suffer loss by reason of the applicant's or its loan originator's violation of any provision of this chapter or rules adopted under this chapter. The bond shall be conditioned that the obligor as licensee will faithfully conform to and abide by this chapter and all rules adopted under this chapter, and shall reimburse all persons who suffer loss by reason of a violation of this chapter or rules adopted under this chapter. Borrowers shall be given priority over the state and other persons. The state and other third parties shall be allowed to receive distribution pursuant to a valid claim against the remainder of the bond. In the case of claims made by any person or entity who is not a borrower, no final judgment may be entered prior to one hundred eighty days following the date the claim is filed. The bond shall be continuous and may be canceled by the surety upon the surety giving written notice to the director of its intent to cancel the bond. The cancellation shall be effective thirty days after the notice is received by the director. Whether or not the bond is renewed, continued, reinstated, reissued, or otherwise extended, replaced, or modified, including increases or decreases in the penal sum, it shall be considered one continuous obligation, and the surety upon the bond shall not be liable in an aggregate or cumulative amount exceeding the penal sum set forth on the face of the bond. In no event shall the penal sum, or any portion thereof, at two or more points in time be added together in determining the surety's liability. The bond shall not be liable for any penalties imposed on the licensee, including, but not limited to, any increased damages or attorneys' fees, or both, awarded under RCW 19.86.090. The applicant may obtain the bond directly from the surety or through a group bonding arrangement involving a professional organization comprised of mortgage brokers if the arrangement provides at least as much coverage as is required under this subsection. . . .

[2001 c 177 § 4; 1997 c 106 § 9; 1994 c 33 § 8; 1993 c 468 § 6.]

**RCW 19.146.215 Continuing education -- Rules.**

The designated broker of every licensee shall complete an annual continuing education requirement, which the director shall define by rule.

[1997 c 106 § 11; 1994 c 33 § 11.]

**RCW 19.146.220 Director -- Powers and duties -- Violations as separate violations -- Rules.**

(1) The director shall enforce all laws and rules relating to the licensing of mortgage brokers, grant or deny licenses to mortgage brokers, and hold hearings.

(2) The director may impose the following sanctions:

(a) Deny applications for licenses for: (i) Violations of orders, including cease and desist orders issued under this chapter; or (ii) any violation of RCW 19.146.050 or 19.146.0201 (1) through (9);

(b) Suspend or revoke licenses for:

(i) False statements or omission of material information on the application that, if known, would have allowed the director to deny the application for the original license;

(ii) Failure to pay a fee required by the director or maintain the required bond;

(iii) Failure to comply with any directive or order of the director; or

(iv) Any violation of RCW 19.146.050, 19.146.060(3), 19.146.0201 (1) through (9) or (12), 19.146.205(4), or 19.146.265;

(c) Impose fines on the licensee, employee or loan originator of the licensee, or other person subject to this chapter for:

(i) Any violations of RCW 19.146.0201 (1) through (9) or (12), 19.146.030 through 19.146.080, 19.146.200, 19.146.205(4), or 19.146.265; or

(ii) Failure to comply with any directive or order of the director;

(d) Issue orders directing a licensee, its employee or loan originator, or other person subject to this chapter to:

(i) Cease and desist from conducting business in a manner that is injurious to the public or violates any provision of this chapter; or

(ii) Pay restitution to an injured borrower; or

(e) Issue orders removing from office or prohibiting from participation in the conduct of the affairs of a licensed mortgage broker, or both, any officer, principal, employee, or loan originator of any licensed mortgage broker or any person subject to licensing under this chapter for:

(i) Any violation of 19.146.0201 (1) through (9) or (12), 19.146.030 through 19.146.080, 19.146.200, 19.146.205(4), or 19.146.265; or

(ii) False statements or omission of material information on the application that, if known, would have allowed the director to deny the application for the original license;

(iii) Conviction of a gross misdemeanor involving dishonesty or financial misconduct or a felony after obtaining a license; or

(iv) Failure to comply with any directive or order of the director.



(3) Each day's continuance of a violation or failure to comply with any directive or order of the director is a separate and distinct violation or failure.

(4) The director shall establish by rule standards for licensure of applicants licensed in other jurisdictions.

(5) The director shall immediately suspend the license or certificate of a person who has been certified pursuant to RCW 74.20A.320 by the department of social and health services as a person who is not in compliance with a support order or a \*residential or visitation order. If the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license or certificate shall be automatic upon the director's receipt of a release issued by the department of social and health services stating that the licensee is in compliance with the order.

[1997 c 106 § 12; 1997 c 58 § 879; 1996 c 103 § 1; 1994 c 33 § 12; 1993 c 468 § 8.]

**RCW 19.146.221 Action by director -- Hearing -- Sanction.**

The director may, at his or her discretion and as provided for in \*RCW 19.146.220(2), take any action specified in RCW 19.146.220(1). If the person subject to such action does not appear in person or by counsel at the time and place designated for any administrative hearing that may be held on the action then the person shall be deemed to consent to the action. If the person subject to the action consents, or if after hearing the director finds by a preponderance of the evidence that any grounds for sanctions under this chapter exist, then the director may impose any sanction authorized by this chapter.

[1994 c 33 § 13.]

**RCW 19.146.223 Director -- Administration and interpretation.**

The director shall have the power and broad administrative discretion to administer and interpret the provisions of this chapter to fulfill the intent of the legislature as expressed in RCW 19.146.005.

[1994 c 33 § 2.]

**RCW 19.146.228 Fees -- Rules -- Exception.**

The director shall establish fees by rule in accordance with RCW 43.24.086 sufficient to cover, but not exceed, the costs of administering this chapter. These fees may include:

(1) An annual assessment paid by each licensee on or before a date specified by rule;

(2) An investigation fee to cover the costs of any investigation of the books and records of a licensee or other person subject to this chapter; and

...

Mortgage brokers shall not be charged investigation fees for the processing of complaints when the investigation determines that no violation of this chapter occurred or when the mortgage broker provides a remedy satisfactory to the complainant and the director and no order of the director is issued. All moneys, fees, and penalties collected under the authority of this chapter shall be deposited into the financial services regulation fund, unless the consumer services account is created as a dedicated, nonappropriated account, in which case all moneys, fees, and penalties collected under this chapter shall be deposited in the consumer services account.

[2001 c 177 § 5; 1997 c 106 § 13; 1994 c 33 § 9.]

**RCW 19.146.230 Administrative procedure act application.**

The proceedings for denying license applications, issuing cease and desist orders, suspending or revoking licenses, and imposing civil penalties or other remedies issued pursuant to this chapter and any appeal therefrom or review thereof shall be governed by the provisions of the administrative procedure act, chapter 34.05 RCW.

[1994 c 33 § 16; 1993 c 468 § 10.]

**RCW 19.146.235 Director -- Investigation powers -- Duties of person subject to examination or investigation.**

For the purposes of investigating complaints arising under this chapter, the director may at any time, either personally or by a designee, examine the business, including but not limited to the books, accounts, records, and files used therein, of every licensee and of every person engaged in the business of mortgage brokering, whether such a person shall act or claim to act under or without the authority of this chapter. For that purpose the director and designated representatives shall have access during regular business hours to the offices and places of business, books, accounts, papers, records, files, safes, and vaults of all such persons.

The director or designated person may direct or order the attendance of and examine under oath all persons whose testimony may be required about the loans or the business or subject matter of any such examination or investigation, and may direct or order such person to produce books, accounts, records, files, and any other documents the director or designated person deems relevant to the inquiry. If a person who receives such a directive or order does not attend and testify, or does not produce the requested books, records, files, or other documents within the time period established in the directive or order, then the director or designated person may issue a subpoena requiring attendance or compelling production of books, records, files, or other documents. No person subject to examination or investigation under this chapter shall withhold, abstract, remove, mutilate, destroy, or secrete any books, records, computer records, or other information.

Once during the first two years of licensing, the director may visit, either personally or by designee, the licensee's place or places of business to conduct a compliance examination. The director may examine, either personally or by designee, a sample of the licensee's loan files, interview the licensee or other designated employee or independent contractor, and undertake such other activities as necessary to ensure that the licensee is in compliance with the provisions of this chapter. For those licensees issued licenses prior to March 21, 1994, the cost of such an examination shall be considered to have been prepaid in their license fee. After this one visit within the two-year period subsequent to issuance of a license, the director or a designee may visit the licensee's place or places of business only to ensure that corrective action has been taken or to investigate a complaint.

[1997 c 106 § 14; 1994 c 33 § 17; 1993 c 468 § 11.]

**WAC 208-660-042 Continuing education requirement.**

(1) The principal or designated broker of a licensee must satisfactorily complete an approved continuing education course annually. Each licensee must file annually a certificate of satisfactory completion of an approved continuing education course by the licensee's principal or designated broker no later than the last business day of the month in which the anniversary date of the issuance of the licensee's license occurs.

(2) This section applies to each licensee beginning on the first anniversary date of the issuance of the licensee's license which occurs after December 31, 1995. (For example, if a licensee's license was issued on January 10, 1994, then the licensee must submit its first certificate of satisfactory completion of an approved continuing education course no later than the last business day of January 1996.)

[Statutory Authority: RCW 43.320.010, 19.146.223, 01-01-044, § 208-660-042, filed 12/8/00, effective 1/8/01; 96-04-028, recodified as § 208-660-042, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225, 95-13-091, § 50-60-042, filed 6/21/95, effective 7/22/95.]

**WAC 208-660-060 Department's fees and assessments.**

(3) Each licensee shall pay to the director an annual assessment of \$513.95 for each license, and \$513.95 for each branch office certificate. The annual assessment(s) will be due no later than the last business day of the month in which the anniversary date of the issuance of the broker's license occurs.

(4) Upon completion of any investigation of the books and records of a mortgage broker other than a licensee, the department will furnish to the broker a billing to cover the cost of the investigation. The investigation charge will be calculated at the rate of \$46.26 per hour that each staff person devoted to the investigation. The investigation billing will be paid by the mortgage broker promptly upon receipt.

[Statutory Authority: RCW 18.44.410, 19.146.223, 19.146.225, 19.146.265, 31.04.165, 31.45.200, 01-12-029, § 208-660-060, filed 5/29/01, effective 7/1/01; 96-04-028, recodified as § 208-660-060, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225, 95-13-091, § 50-60-060, filed 6/21/95, effective 7/22/95; 94-23-033, § 50-60-060, filed 11/8/94, effective 12/9/94. Statutory Authority: 1993 c 468 § 9, 94-03-009, § 50-60-060, filed 1/7/94, effective 2/7/94.]

**WAC 208-660-061 Fee increase.**

The division intends to increase its fee and assessment rates each year for several bienniums. The division intends to initiate a rule making for this purpose each biennium. This rule provides for an automatic annual increase in the rate of fees and assessments each fiscal year during the 2001-03 biennium.

(1) On July 1, 2002, the fee and assessment rates under WAC 208-660-060, as increased in the prior fiscal year, will increase by a percentage rate equal to the fiscal growth factor for the then current fiscal year. As used in this section, "fiscal growth factor" has the same meaning as the term is defined in RCW 43.135.025.

(2) The director may round off a rate increase under subsection (1) of this section. However, no rate increase may exceed the applicable fiscal growth factor.

(3) By June 1 of each year, the director will make available a chart of the new rates that will take effect on the immediately following July 1.

[Statutory Authority: RCW 18.44.410, 19.146.223, 19.146.225, 19.146.265, 31.04.165, 31.45.200, 01-12-029, § 208-660-061, filed 5/29/01, effective 7/1/01.]

**WAC 208-660-080 Surety bond and approved alternatives -- General requirements.**

(1) Each applicant for a license and licensee must file and maintain on file with the director:

(a) A surety bond in the required amount and related power of attorney issued by a bonding company or insurance company authorized to do business in this state; or

(b) An approved alternative to a surety bond in the required amount in accordance with WAC 208-660-08010.

1 The required amount of the surety bond or approved alternative ranges from twenty thousand dollars to sixty thousand  
2 dollars and is based on the applicant's or licensee's monthly average number of loan originators calculated in accordance  
3 with subsection (2) of this section. The surety bond or approved alternative is subject to claims in accordance with RCW  
4 19.146.205 and 19.146.240. Borrowers shall be given priority over the state and other persons who file claims against the  
5 bond or approved alternative. The state and other persons shall not receive distributions from the remainder of the bond or  
6 approved alternative pursuant to valid claims prior to one hundred eighty days following the date a claim is made against  
7 the bond.

8 . . .  
9 [Statutory Authority: RCW 43.320.010, 19.146.223. 01-01-044, § 208-660-080, filed 12/8/00, effective 1/8/01; 96-04-028,  
10 recodified as § 208-660-080, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-080,  
11 filed 6/21/95, effective 7/22/95; 94-23-033, § 50-60-080, filed 11/8/94, effective 12/9/94. Statutory Authority: 1993 c 468  
12 § 9. 94-03-009, § 50-60-080, filed 1/7/94, effective 2/7/94.]

13 **WAC 208-660-140 General recordkeeping requirements.**

14 (1) Each mortgage broker shall retain its books and records for a minimum of twenty-five months after the effective period  
15 to which the books and records relate.

16 However, books and records relating to a specific loan application must be maintained for a minimum of twenty-five  
17 months after a loan application is received. These books and records must be retained in all cases where a loan application  
18 has been received, any deposits or fees associated with a mortgage application have been accepted, or any written  
19 agreement has been executed.

20 (2) All books and records must be kept in a location in this state that is readily accessible to the department. However, a  
21 mortgage broker may store its books and records outside the state with the prior approval of the director, and after  
22 executing a written agreement with the director:

- 23 (a) To provide access to its books and records to investigate complaints against the mortgage broker; and  
24 (b) To pay the department's travel, lodging and per diem expenses incurred in travel to examine books and records  
25 stored out-of-state.

(3) Books and records include without limitation: The original contracts for the broker's compensation, an accounting of all  
funds received in connection with loans, a copy of the settlement statements as provided to borrowers, a record of any fees  
refunded to applicants for loans that did not close, copies of the good faith estimates and all other written disclosures, and  
all other correspondence, papers or records relating to loan applications.

[Statutory Authority: RCW 43.320.010, 19.146.223. 01-01-044, § 208-660-140, filed 12/8/00, effective 1/8/01; 96-04-028,  
recodified as § 208-660-140, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-140,  
filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-140, filed 1/7/94, effective  
2/7/94.]

**WAC 208-660-150 Disclosure of significant developments.**

(1) A licensee must notify the director in writing within thirty days after the occurrence of any of the following  
developments:

- (e) Receipt of notification of cancellation of the licensee's surety bond or approved alternative, or any significant  
decline in value of an approved alternative held by the director.

(2) A licensee must notify the director in writing ten days prior to a change of the location of the licensee's principal place  
of business or any of its branch offices.

(3) A licensee must notify the director in writing within five days after a change in the licensee's:

- (b) Mailing address or telephone number;

(f) Standing with the state of Washington secretary of state.

[96-04-028, recodified as § 208-660-150, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-150, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-150, filed 1/7/94, effective 2/7/94.]

**WAC 208-660-160 License application denial or condition; license suspension or revocation.**

The director may deny or condition approval of a license application, or suspend or revoke a license if the applicant or licensee, or any principal or designated broker of the applicant or licensee:

- (1) Has failed to pay a fee due to the state in accordance with the Mortgage Broker Practices Act;
- (2) Has not filed the required surety bond or approved alternative or otherwise complied with RCW 19.146.205;
- ...
- (8) Has had its surety bond, approved alternative, or equivalent form of business insurance, canceled or revoked for cause;
- ...
- (13) Has failed to comply with an order, directive, or requirement of the director, or his or her designee, or with an assurance of discontinuance entered into with the director, or his or her designee;
- ...

[Statutory Authority: RCW 43.320.010, 19.146.223. 01-01-044, § 208-660-160, filed 12/8/00, effective 1/8/01; 96-04-028, recodified as § 208-660-160, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-160, filed 6/21/95, effective 7/22/95. Statutory Authority: 1993 c 468 § 9. 94-03-009, § 50-60-160, filed 1/7/94, effective 2/7/94.]

**WAC 208-660-165 Fines and penalties for violation of the Mortgage Broker Practices Act.**

Each mortgage broker and each of its principals, designated brokers, officers, employees, independent contractors, and agents shall comply with the applicable provisions of the Mortgage Broker Practices Act. Each violation of any applicable provision of the Mortgage Broker Practices Act, or of any order, directive, or requirement of the director may, at the discretion of the director, subject the violator to a fine of up to one hundred dollars for each offense. Each day's continuance of the violation is a separate and distinct offense. In addition, the director in his or her discretion may by order assess other penalties for a violation of the Mortgage Broker Practices Act.

[96-04-028, recodified as § 208-660-165, filed 2/1/96, effective 4/1/96. Statutory Authority: RCW 19.146.225. 95-13-091, § 50-60-165, filed 6/21/95, effective 7/22/95; 94-23-033, § 50-60-165, filed 11/8/94, effective 12/9/94.]